

Legislation Text

File #: BILL NO. 21-164, **Version:** 1

An Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same. (PWC 8/9/21)

Issue/Request:

An Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same.

Key Issues:

- The annual Crack Seal Program extends the life expectancy of pavement surfaces by reducing the frequency and severity of potholes and other pavement failures.
- The Crack Seal 21/22 Program will seal cracks along approximately 44 lane miles of road (hereinafter "Project No. 324-21/22 (Crack Seal)").
- Project No. 324-21/22 (Crack Seal) is funded from the Transportation Sales Tax Fund.
- PWE issued an advertisement for bids for the construction of Project No. 324-21/22 (Crack Seal) on June 30, 2021, in accordance with local policies and state statutes.
- Vance Brothers, Inc. (hereinafter "Contractor") was determined to be the lowest and best bidder by City staff.
- The City desires to enter into an agreement with the Contractor to construct Project No. 324-21/22 (Crack Seal).

Proposed Committee Motion:

I move to recommend to City Council approval of an Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same.

SECOND MOTION: I move for adoption of an Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same.

Background:

The Crack Seal Program is a pavement preservation process performed annually to protect the integrity of street pavements, thus extending the life expectancy of the pavement surfaces. This practice is similar to caulking seams on a house to prevent water infiltration. Crack sealing keeps water from further damaging the roadways and helps limit future pot holes and pavement failures. To achieve the greatest benefit, crack seal must be placed on sound pavement. Crack sealing has been observed to significantly reduce the frequency and severity of potholes forming in pavements that have sound base and subgrade.

Crack Sealing is a specialized construction process with a limited number of contractors performing this service on a large scale. The limited number of contractors sometimes result in contractors traveling across the nation to perform work.

Crack seal is an oil-based product, so pricing can vary significantly from year to year as the price of oil fluctuates. This year, the oil price inflation was compounded by transportation restrictions, supply chain issues, and the labor market. The MoDOT oil price index for the state of Missouri is up 20% from last year. Manufacturers have very limited quantities of crack seal material on hand. Trucking is costs are up 50% from last year, and labor is up 7%.

The Engineer's estimate assumed a 25% increase from last year to this year to account for the oil pricing changes observed in the monthly oil indexing pricing reports. The lowest bid was 12.5% over the Engineer's estimate. Standard practice typically allows for routine approval if bids are up to 10% over the estimate. This bid is well within the budget for this project.

Delaying the bid puts the program at risk this year, and would likely see a higher price than this bid due the continued inflation. Two other bidders submitted bids significantly higher than the low bidder. Delaying this work will also have ripple effect on the surface seal programs. Based on the conditions, City staff is recommending to move forward with approval and completion of the work because there do not appear to be any anomalies in the bid when compared to current market conditions and the other bids received.

Currently, the City maintains 1,066 lane miles of pavement. This year, 132.5 lane miles, or about 12.4%, of the City's streets will be treated as part of the pavement maintenance programs. This summer's overlay program spent \$3M to resurface 42.5 lane miles, the surface seal program spends \$1.1M to seal-coat about 46 lane miles, and this \$348K contract will crack seal about 58 lane miles.

Seal coating and crack sealing combined will treat two times the amount pavement that can will be overlaid this year, for 50% of the cost of the overlay. Using these lower cost surface treatments can greatly expand the

scope of annual maintenance programs and extend the life of pavements between re-surfacing with an asphalt overlay. These three techniques, although they only address surface issues, have extended many of the City's streets well beyond their expected 20-year design life. The pavement maintenance programs spend about \$4M to \$6M per year to maintain local roads to avoid re-constructing pavements at the end of their design life. Generally, studies show re-constructing pavement costs about ten times the cost of maintenance. So, re-constructing the same amount of pavement maintained annually by the pavement maintenance program would cost the City about \$40M to \$60M per year.

Impact/Analysis:

Not approving this bid will have a negative impact on the pavement maintenance programs. Re-bidding will likely lead to even higher prices, if the materials are available.

Timeline:

Other Information/Unique Characteristics:

Public Works Engineering advertised for bids for Project No. 324-21/22 (Crack Seal) on June 30, 2021. Potential bidders were notified through QuestCDN and on the City website. Three (3) responsive bids were received by the July 22, 2021 bid opening date. The bids were evaluated, and City staff determined Vance Brothers, Inc. to be the lowest and most responsible bidder.

Michael Park, Director of Public Works

Staff recommends approval.

Committee Recommendation: The Public Works Committee voted unanimously 4-0 to recommend to City Council approval of an Ordinance awarding the bid for Project No. 324-21/22 (Crack Seal) for the Crack Seal 21/22 Program to Vance Brothers, Inc. in the amount of \$348,000, and authorizing the City Manager to execute an agreement for the same.

